

**SOUTH CAROLINA  
SEA GRANT CONSORTIUM  
CHARLESTON, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2020**



## Independent Accountant's Report on Applying Agreed Upon Procedures

June 25, 2021

Dr. Susan Lovelace, Executive Director  
and  
Members of the Board of Directors  
South Carolina Sea Grant Consortium  
Charleston, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina Sea Grant Consortium (the Consortium) for the fiscal year ended June 30, 2020. The Consortium's management is responsible for the systems, processes and behaviors related to financial activity.

The Consortium's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the Consortium to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Consortium for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the Consortium's management. Management of the Consortium has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the Consortium and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the governing body and management of the South Carolina Sea Grant Consortium, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA  
State Auditor

**South Carolina Office of the State Auditor  
Agreed-Upon Procedures – South Carolina Sea Grant Consortium (P26)**

**Cash Receipts/Revenues**

1. Haphazardly select five cash receipts transactions and inspect supporting documentation to determine:
  - Supporting documentation for transaction agrees with the general ledger as to amount, date, payor, document number, and account classification.
  - Revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2020 Appropriation Act.
  - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 117.7 of the fiscal year 2020 Appropriations Act.
  - Receipts are recorded in the proper fiscal year.

**Finding**

One of the five receipt transactions inspected was not deposited until several weeks after the receipt date.

**Management's Response**

Consortium Administration will continue to ensure deposits are processed in a timely manner and within the allotted timeframe as instructed by the State of South Carolina. The Consortium does not receive many non-electronic deposit transactions and these small transactions can be lost in the daily shuffle. However, Consortium Administration will reassign this role to the Executive Assistant/Office Manager moving forward to ensure timely deposits.

**Cash Disbursements/Non-payroll Expenditures**

2. Haphazardly select five non-payroll disbursements and inspect supporting documentation to determine:
  - The transaction is properly completed as required by Consortium procedures and invoice(s) agree(s) with general ledger as to vendor, amount, invoice number, and date.
  - All supporting documents and approvals required by Consortium procedures are present and agree with the invoice.
  - The transaction is a true expenditure of the Consortium.
  - The transaction is properly classified in the general ledger.
  - Disbursements are recorded in the proper fiscal year.
  - Clerical accuracy.

For federally funded cash disbursements/non-payroll expenditures selected, inspect supporting documentation to determine:

- Charges are in accordance with the requirements of the program, incurred during the approved grant period, and applied uniformly to both federally assisted and other activities of the recipient.
3. Haphazardly select five purchasing card transactions from the Office of the State Comptroller General (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
    - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Consortium policies.
    - The purchase is authorized based on the cardholder's job title/position
    - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
    - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

## Payroll

4. Randomly select five employee payments during the fiscal year to:
  - Inspect the employee's payroll and/or personnel file for various forms, communications, etc., to determine that the person is an employee of the Consortium.
  - Agree gross pay to supporting documentation.
5. Haphazardly select three employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Consortium's policies and procedures and that their last paycheck, including any leave payout, was properly calculated.
6. Haphazardly select three employees hired during the fiscal year to determine if they were added to the payroll and that their first paycheck was properly calculated.

We found no exceptions as a result of the procedures.

## Journal Entries

7. Haphazardly select five journal entries and inspect supporting documentation to determine:
  - Postings in the general ledger agree to supporting documentation.
  - Transaction is properly approved.
  - The purpose of the transaction.

We found no exceptions as a result of the procedures.

## Reporting Packages

8. Obtain copies of fiscal year end reporting packages submitted to the CG. Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were submitted by the due date established by the CG's Reporting Policies and Procedures Manual.
9. In addition to the procedure above, perform the following:

- Operating Leases Reporting Package

Agree amounts to the South Carolina Enterprise Information System (SCEIS) general ledger, the SCEIS *Yearend Reporting Operating Lease Expense with Vendor* report and Consortium prepared records. In addition, based on inspection of invoices and lease agreements, determine if payments were properly classified, coded, and calculated by inspecting and recalculating five haphazardly selected payments in the Current Rent Expense section of the reporting package. Also, haphazardly select one lease from the Future Minimum Payment (FMP) Schedule to determine that it was reported accurately and to determine the FMP reported amounts were properly classified, coded, and calculated.

- Accounts Payable Reporting Package

Agree amounts to the SCEIS general ledger, SCEIS *Yearend Reporting - Prior Year Payables with Vendor* report and Consortium prepared records. Haphazardly select five payables to determine if reported amounts were properly identified, classified, and reported.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Consortium prepared records.

## **Reporting Packages (Continued)**

### **Finding**

The Consortium submitted the Master Reporting Package Checklist one business day late.

### **Management's Response**

The Consortium will continue to ensure deadlines for financial reporting requirements are achieved by the expected due dates. Procedures are in place, and will be followed, to prevent late reporting package submissions, including using notification of due dates each year as part of year-end reporting.

### **Assets and Personal Property**

10. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Consortium property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of the procedures.